

Corporate Social Responsibility in Promoting Business Brand

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Abstract: Whether a company undertakes social responsibility is a hotly debated topic. This paper aims to investigate the relationship between social responsibility and brand image for companies. The study in this paper is based on the report of Goodpaster, who emphasized the importance of corporate social responsibility (CSR) and other professors like Clark and Jonson with their studies analyzing profit-making as the only aim for the company. Theoretical insights from Freeman and Goodpaster are synthesized in the context of social responsibility, based on which a conceptual framework is thus proposed. Freeman defined of society as any group or individual who can affect or is affected by the achievement of corporate objectives. It is found if enterprises undertake corporate social responsibility, there will be more support, brand image will be improved, and social impact will be improved. This article provides a theoretical reference for corporate social responsibility.

Keywords: corporate social responsibility (CSR), short-term profits, long-term profits, regulations, brand image

1. Introduction

On July 20, 2021, a massive flood occurred in Zhengzhou, Henan Province, China, affecting more than 10 million people. Along with the government, a large number of businesses and people have stepped up to help in the relief effort and battle against the floods. One of them, ERKE, a domestic clothing company, gave 50 million yuan without receiving any exposure. When ERKE donated to the disaster area despite its financial difficulties, some volunteers offered to promote the company's Weibo account online while encouraging families to purchase its goods. Some of these volunteers did not even wait to receive their change before leaving the store after purchasing clothing, which seemed a little odd. This case indicates company would receive much social attention, and even increase brand image when they assume social responsibility, helping to resolve social issues and promote the harmony of society. Meanwhile, in view of the fact that social responsibility and the brand image would interact and correlate to a certain extent, most companies should keep an appropriate balance between them, but how to achieve this has sparked a heated discussion and analysis among experts.

In 1953, an American scholar Howard. R. B. drew public attention to the formal corporate social responsibility (CSR) in his book, *The Social Responsibility of Entrepreneurs*, and since then in western society, companies have been required to take into account enterprise workers, consumer interests, the public and the state, meanwhile maximizing profits. This also generates some moral requirements like protecting the environment, eliminating pollution and alleviating poverty. However, there are different implementation mechanisms of CSR in each country. For instance, the US

Committee for Economic Development specifies 58 different types of standards for the corporation to put into effect in order to advance social advancement and behavior throughout ten domains in its report on “Corporate Social Responsibility”. There are two types of these behaviors: one is driven by the corporation voluntarily taking the initiative and playing a key role in its implementation, and the other is controlled by the state via incentives or by placing restrictions on the application of laws and regulations.

Except for much discussion on what kinds of CSR should cover, many studies have revealed the relationship between CSR and profits in the company. In 1988, Miller and Ahren stated that companies should focus not only on the profits of shareholders but also on the profits of stakeholders [1]. Later, Goodpaster claimed that just determining the stakeholders cannot correctly analyse the social responsibility of the company [2]. This is furthered by Gray who proposed the right to receive information and the duty to supply it, as accountability of corporations [3]. However, Friedman hold opposite views about the issue that companies are considered to promote profits as a mere incentive [4].

However, most of the theories analyzing CSR focus on discussing what exact roles companies play in society from the perspective of business. However, there is no specific result identifying social responsibility as a significant or separate functional area, leaving this topic still controversial and debated. Therefore, the aim of this paper is to define CSR, explore different perceptions of CSR and investigate how CSR affects brands. So this paper is divided into the following parts: section two describes the concept and development of CSR; section three focuses on the discussion of different opinions about CSR and section four gives representative cases to show how successful corporations with fame undertake social duties; finally comes the conclusion.

2. Literature Review

2.1. Definition of CSR

Corporate social responsibility (CSR) represents one of the most progressive developments in the private sector, promoting private companies evaluate their operations in a different way and to expand their areas of responsibility [5]. In the current social environment, the shareholder value approach is no longer effective and has been replaced by the stakeholder approach. The stakeholder model is being widely used as a more innovative, challenging, and sustainable business tool that benefits both companies and society. As the principles of corporate social responsibility become more widely known, applied and integrated into corporate operations worldwide, companies will be required to demonstrate the value of their corporate social responsibility.

2.2. Three Major Areas of CSR

There are three major fields in terms of responsibility for social issues: (1) Total compliance with international, federal, state and local legislative laws and acts; (2) Moral and ethical standards; (3) Philanthropic giving [6].

Total compliance with international, state, local laws and acts; it mainly talks about legality of company when taking any social affairs, which is the basic and fundamental one.

Some actions are illegal in this country but may not be banned in others, such as political contributions and bribery. In this case, companies need to have policies to make employees comply and to deal with violations seriously.

After the changes in the 1982 federal tax laws, the allocation of a company to charity could reach 10%, while early this time, the upper limit had been set at five percent. However, in recent years, only around 1% of the company’s contribution has been distributed to philanthropic giving. This indicates

there is still a long method to go for most companies recognize the importance of charity and show more willingness to take philanthropic activities in society.

2.3. Different Opinions of CSR

Different experts conduct research to show the responsibility of companies from diverse views. Mainly there are three respects of opinions regarding the social duty of business.

2.3.1. Friedman's View

Firstly, Friedman considered the one and only responsibility of A business to utilize its resources and participate in activities to raise its interest and profits as much as possible in the market and compete against other companies without deception or fraud in a capitalist economy [4]. In order to achieve this end, it is necessary for individuals or corporations to play their roles well. Specifically, the executives of the businesses have a fiduciary responsibility to maximize benefits for shareholders; managers are accountable for running the firm well and making as much money as possible. In 1988, Miller and Ahrens also believed that the social responsibility of corporations in commerce and morality should be the same as other businesses to make profits legally and raise the property value, since corporations are another form of private property [1]. Therefore, corporations have the right to allocate their resources freely and efficiently and government need not intervene.

2.3.2. Stakeholders

Businesses should not concentrate merely on the interests of stockholders [1], but instead on the interests of all parties affected by the actions of the business. For example, suppliers, customers, creditors, competitors, governments, and communities as well as employees are all stakeholder groups. According to Freeman, the definition of stakeholder is any group or individual who can affect or is affected by the achievement of the organization's objectives [4]. In light of this classification, it is not easy. It is challenging to balance the benefit of one stakeholder and the benefit of another stakeholder, and thus sometimes the interest of one group may lie at the expense of the other. But taking into account of the various stakeholders would that make those companies more moral? Goodpaster made an essential opinion that only identifying a group as stakeholders in some projects does not work as the correct or suitable analysis of the activity itself [2].

Besides, these financial reports do not show other social responsibilities of business, such as environmental damage it has incurred. In 1990, Gray announced, "the right to receive information and duty to supply it", as accountability of corporations, since providing information related to the environment can make the society as a whole assess their environmental utilization [3]. This not only makes organizational decision-makers informed about their use of economic resources, but also citizens realize how these organizations make use of the resources. Later in 1992 Gray explored the challenges of gently accounting for accountability, transparency and sustainability with the purpose of "expose, enhance and develop a social relationship". And he also claimed that selfishness and desire for profits would result in lack of concern for the climate and community at large. While the fact is the current environment is in crisis and people should take urgent solutions to address it [7]. This is furthered by Lehman who proposed that the accounting of the use of the environment by corporations can help the framework to transform from "decision-usefulness" to "ethical" ones so that unjust practices in the community can be restricted [8].

2.3.3. Communitarianism

Companies need to learn how to treat their shareholders, management, employers, suppliers, and customers as members of a common community. For this assignment, communitarianism law must be represented in how any organization operates in the economy, including the private and public sectors.

In a communitarian community, the law is only used as a last resort to punish those whose upbringing fails to instill moral values that prevent them from engaging in wrongdoing [9]. People will therefore require a lot of instruction from their workplaces, families, and schools, as well as from their everyday experiences. The complex society that gives a wide range of possibilities, in the opinion of communitarians, requires a lot of history and collective effort, as does the development of individuals with secure, competent skills to reason and make their own decisions [9]. These individuals will have a tendency to categorize objects as good or bad once they have learned this information and came to this conclusion about their own behavior. However, a communitarian way of living has the company's goal as solely serving the community or increasing profit.

2.4. Social Pressure on Businesses to Undertake CSR

The public does not accept profit as the only aim of the company, but they persist in social responsibility and insist that companies should deal with environmental and social issues. In this view, the company is required to clean up its conflicts and avoid new troubles, like eliminating racial and gender discrimination from hiring workers to help them integrate into society. And then, it is required to improve the safety of the product, more truly advertising, and show more respect for consumers. In the end, the company is required to input an essential part of its energy to increase its entirety of spirit and living material of life so that it provides good quality of service and products and protects the environment. Companies that fail to achieve these responsibilities seem hard to survive and get public support. This actually deserves people's attention!

3. Coca-Cola Case Analysis of Corporate Social Responsibility

Coca-Cola Company is a famous beverage company in the world, and Coca-Cola is also a legendary beverage brand. The Coca-Cola brand alone is worth billions of dollars. Thus they need to protect and promote their brand image. Coca-Cola's commitment to corporate social responsibility can enhance its brand image. The Community Water Project is one of Coca-Cola's CSR projects. They consider drinking water to be an important factor in safety and health, because people need water in many places, such as cooking, and cleaning. However, right now there are many parts of the world that do not have safe water, and in the next 20 years, there will be more people who do not have safe water. Because more and more water is polluted and disappearing, but more places and more people need it, as result water will become scarce. In Vietnam, about 40% of people lack clean water, because they do not have clean water [10].

It leads to numerous water-borne diseases, such as cholera and dysentery. Governments play an essential role in providing clean water. Still, many private companies use water for their products and business operations, and they provide their knowledge and resources to meet people's basic needs.

Coca-Cola started the project to undertake corporate social responsibility, which began with various aspects such as education, environmental protection and healthcare. In 2008, they invested more than \$82 million in CSR [10]. But for Coca-Cola, the water project is the most important project, which is very attractive and indispensable. Because the products made by the Coca-Cola Company are drinks, water is a necessary raw material. In the production of Coca-Cola, 2.43 liters of water is used to make one litre of the glass [10]. Such large-scale water use has led to the discontent of various environmental protection people, and the wastewater it discharged has damaged the environment.

Coca-Cola realized that this was not good for its brand image and took immediate action by launching water and water conservation programs. The motivation for Coca-Cola to supplement its water supply is that clean water is the cornerstone of sustainable communities, and sustainable communities are an important part of their business. They know that water standing is a sustainable process, not an endpoint. Coca-Cola's goal is to return the water they use in beverage production to the community to become water neutral by 2020. Coca-Cola's plan includes three points to reduce recycling and replenishment. To facilitate means to reduce the amount of water needed to produce a drink. Recycling means that 100% of the wastewater is treated and put back into the environment. Replenishing means replenishing water in nature. Coca-Cola has conducted more than 250 water projects in more than 70 countries.

The Coca-Cola Company is a global company with a highly standardized corporate social responsibility program. They recognize that they need to operate within the core principles that make their brand more popular. This includes taking community-based projects to Vietnam to establish sustainable communities. While corporate social responsibility policies are set by the head office, policies in Vietnam must meet the needs of their local communities. Policy needs to focus on education, health and water, you need to know who to work with, and where to focus the program, all at the national level.

Coca-Cola is a major consumer of water resources. It will be boycotted and criticized by consumers in the market, which is not good for their brand image. Therefore, the top management of Coca-Cola Vietnam decided that water planning was critical to the sustainability of its business in Vietnam. Thus, they started the Community Clean Water Project in 2006. The project expanded in 2006 to provide clean water and sanitation to more than 10,500 teachers and students and 1,000 low-income families, mainly in communities and schools [10]. The main focus of the project was on access to water and sanitation, including the construction of Wells and latrines, as well as awareness-raising activities for school children and the community to educate students about clean drinking water and sanitation. They partnered with the Centre for Community Development Research (CEFACOM), a project in which Coca-Cola invested \$100,000, which accounted for 25% of their CSR budget in Vietnam. CEFACOM officials say the partnership with Coca-Cola was successful because they trusted each other, faced difficulties head-on and understood each other well. They demonstrate the adaptability and professionalism of the Coca-Cola Company in their work for the community.

Although Coca-Cola prefers to work in communities around production facilities, perhaps those communities do not welcome them and do not know what their needs are. In this project financing, Coca-Cola collected information and ranked the community's needs. The committee put forward a proposal to change the purpose of water resources while giving them an annual health education.

Coca-Cola is a company that aims to increase interest because it has stakeholders. Thus, they can't choose to support a community with fewer people, and they cannot stop the project once it starts, potentially leaving the community worse off than it was before it started. Coca-Cola pays more attention to these projects for better sustainable development. Thus, they have to figure out how to use this equipment after the project is over and how to maintain the funds in the future. In order for people to continue receiving clean water in the future, Coca-Cola collaborated with local health officials to train them on how to maintain and assess the safety of their water systems. Coca-Cola must interact with communities in order for community projects to be successful. Representatives from Coca-Cola visited the neighborhood to engage with the residents. Programs that are rooted in the community disregard testing and assessment. Coca-Cola is a for-profit company. They invest money in the neighborhood as part of their commercial strategy, not out of altruism. Coca-Cola holds the view that prosperous communities lead to prosperous enterprises.

Assessment and supervision in Vietnam are primarily reflected within the program's yield, such as the number of communities understudies serve. Coca-Cola's collaboration with NGO accomplices. Particular comes about incorporate the number of schools, understudies and instructors come to and the number of families and family individuals come to. Since its beginning, the community extend has given clean water to more than 56,611 individuals in rustic communities. That incorporates 35,274 community individuals since 2004 and 21,337 understudies and instructors since 2007 [10]. For Coca-Cola, the arrange includes a more positive brand picture and positive media scope. For the community to have the Coca-Cola water venture, to have clean water, to be able to utilize that water for cooking and cleaning.

Coca-Cola's commitment to corporate social responsibility has brought many benefits. For the environment, the quantity of water goes up, and the quality of water also gets better. For the Coca-Cola Company, its brand image has been enhanced, and its social influence has also become larger. More people support Coca-Cola.

4. Conclusion

This study is set up to investigate the relationship between social responsibility and brand image for companies. The first major finding is that three groups of researchers with different opinions on CSR agree that companies can hardly be independent and free of CSR in current society. The reasons lie in the fact that the public does not accept profit as the company's only aim, but they insist that companies should also assume other duties, like dealing with environmental and social issues. Another significant finding to emerge from this study is that the company has three dimensions of social responsibilities, which are legal compliance, moral and ethical standards, and philanthropic giving. This finding suggests that firms should obey the law in the legal area, must establish integrity in moral and ethical standards, as well as firms need to clearly define and clearly explicit philanthropic giving just like economic policy and strategy. The success of coca-cola is an example of companies with social responsibility. Coca-Cola's commitment to corporate social responsibility has brought many benefits, such as enhancing its brand image and bringing a lot of benefits to the environment and the society. The insights gained from this study may be of assistance to evaluate the correctness or incorrectness of moral and ethical codes and philanthropic giving. Future work may investigate extensive value judgments and the personal desires of top management when deciding on CSR.

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